

Message Text

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NRC-07 NSAE-00 ERDA-07

TRSE-00 EUR-12 ISO-00 PRS-01 EA-09 MC-02 ACDA-10 /056 W

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R 181527Z DEC 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7535

UNCLAS SECTION 01 OF 02 LONDON 19438

EXCON

E.O. 11652: N/A

TAGS: ESTC, CH, UK, US

SUBJECT: LONDON "TIMES" ARTICLE ON U.K. SALE OF U.K.

AIRCRAFT ENGINES TO P.R.C.

REF: STATE 297819

AS REQUESTED REFTEL WE ARE QUOTING BELOW TEXT OF ARTICLE
BY ARTHUR REED WHICH APPEARED IN LONDON "TIMES" OF DEC.

17: QUOTE: THE 100 MILLION POUND DEAL WHICH ROLLS-
ROYCE HAS SIGNED WITH CHINA FOR THE SUPPLY OF SPEY
ENGINES IS ENTIRELY MILITARY IN CONTENT. IT WILL ENABLE
THE CHINESE TO BUILD THEIR OWN FIGHTER-BOMBERS CAPABLE
OF FLYING AT TWICE THE SPEED OF SOUND.

THIS FACT EMERGED IN LONDON YESTERDAY WHEN ROLLS SENIOR
EXECUTIVES RETURNED AFTER SIGNING THE CONTRACT IN PEKING
OVER THE WEEKEND. DURING THE PROTRACTED NEGOTIATIONS, IT
HAD BEEN SUGGESTED ALWAYS THAT THE ENGINES WERE REQUIRED
AS SPARES FOR THE FLEET OF TRIDENT AIRLINERS WHICH THE
CHINESE NATIONAL AIRLINES IS BUYING FROM HAWKER SIDDELEY.
A POSSIBLE MILITARY USE WAS ALWAYS ACCEPTED AS A SIDE
ISSUE.

POSSESSION BY CHINA OF A FAST, MODERN FIGHTER IN A FEW
YEARS' TIME WILL HAVE A SERIOUS IMPACT ON THE BALANCE OF
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POWER BETWEEN ITSELF AND THE SOVIET UNION, AND BETWEEN

EAST AND WEST.

ONE OF THE CONDITIONS IMPOSED ON ROLLS-ROYCE BY THE CHINESE WAS THAT THE SPEY ENGINE SHOULD WORK EFFICIENTLY IN 40 DEGREES OF FROST, THE INFERENCE BEING THAT THEY INTENDED TO USE IT ON THEIR NORTHERN BORDERS WITH RUSSIA.

IF THE SOVIET UNION FACES A MORE SERIOUS THREAT FROM CHINA, IT WOULD TAKE SOME OF THE PRESSURE OFF THE NATO NATIONS.

WITHOUT DOUBT, THE AMERICANS APPRECIATED THIS WHEN DR. KISSINGER' THE SECRETARY OF STATE GAVE HIS SECRET BLESSING TO THE DEAL SEVERAL YEARS AGO. IT ALSO RECEIVED THE APPROVAL OF BOTH CONSERVATIVE AND LABOR GOVERNMENTS DURING THE THREE YEARS IT TOOK TO BRING TO FRUITION.

UNDER THE DEAL, SIGNED IN PEKING BY SIR KENNETH KEITH, THE CHAIRMAN OF ROLLS-ROYCE, THE BRITISH COMPANY WILL SHIP AN UNDISCLOSED NUMBER OF SPEYS TO CHINA AND WILL THEN SHOW THE CHINESE HOW TO MANUFACTURE THEM IN THEIR OWN FACTORIES, SIR KENNETH SAID YESTERDAY THAT A LITTLE LESS THAN HALF OF THE 100 MILLION POUNDS WHICH THE CHINESE WILL BE PAYING IN STERLING WILL BE FOR TECHNICAL EXPERTISE.

ROLLS-ROYCE PLAINLY KNOW A GREAT DEAL MORE ABOUT THE MILITARY ASPECTS OF THE CONTRACT THAN THEY ARE PREPARED TO SAY FOR FEAR OF OFFENDING THEIR IMPORTANT NEW CUSTOMERS.

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TO SECSTATE WASHDC 7536

UNCLAS SECTION 02 OF 02 LONDON 19438

EXCON

OBSERVERS IN LONDON YESTERDAY FORMED THE OPINION THAT THE CHINESE MAY ALREADY HAVE RAISED WITH ROLLS-ROYCE THE POSSIBILITY OF SUPPLYING THE RB199 ENGINE THAT IS BEING DEVELOPED IN BRITAIN, WEST GERMANY AND ITALY FOR THE EUROPEAN MULTI-ROLE COMBAT AIRCRAFT.

SIR KENNETH KEITH SAID YESTERDAY: "I SEE A VERY BIG FUTURE FOR ROLLS-ROYCE IN CHINA. THE LIFE OF AN AERO ENGINE IS VERY LONG AND, PROVIDING ALL GOES WELL, I WOULD SEE US HAVING A KEY POSITION IN CHINA FOR AS FAR AS ONE CAN LOOK FORWARD, CERTAINLY TO THE END OF THE CENTURY."

THE RB199 INCORPORATES THE LATEST ENGINE TECHNOLOGY AND WOULD NOT BE AVAILABLE FOR EXPORT AT PRESENT UNDER A RULE WHICH STATES THAT ENGINES MUST BE MORE THAN 10 YEARS OLD. THE SPEY WAS BORN MORE THAN 10 YEARS AGO, BUT ROLLS-ROYCE HAVE IMPROVED IT CONSTANTLY. THE VERSION THEY WILL TEACH THE CHINESE TO MAKE WILL BE A VERY POTENT POWER PLANT.

IT IS THE VERSION WHICH POWERS THE MCDONNELL DOUGLAS PHANTOM FIGHTER-BOMBER OF THE RAF AND THE ROYAL NAVY. EACH OF THE TWO ENGINES IN THE PHANTOM GIVES 20,500 LB OF THRUST.

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THE CHINESE ARE KNOWN TO BE DEVELOPING THEIR OWN FIGHTER-BOMBER, CODED THE F9, BASED ON TECHNOLOGY LEARNT FROM THE MIG FIGHTERS THEY BOUGHT FROM THE RUSSIANS. UNQUOTE. RICHARDSON

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